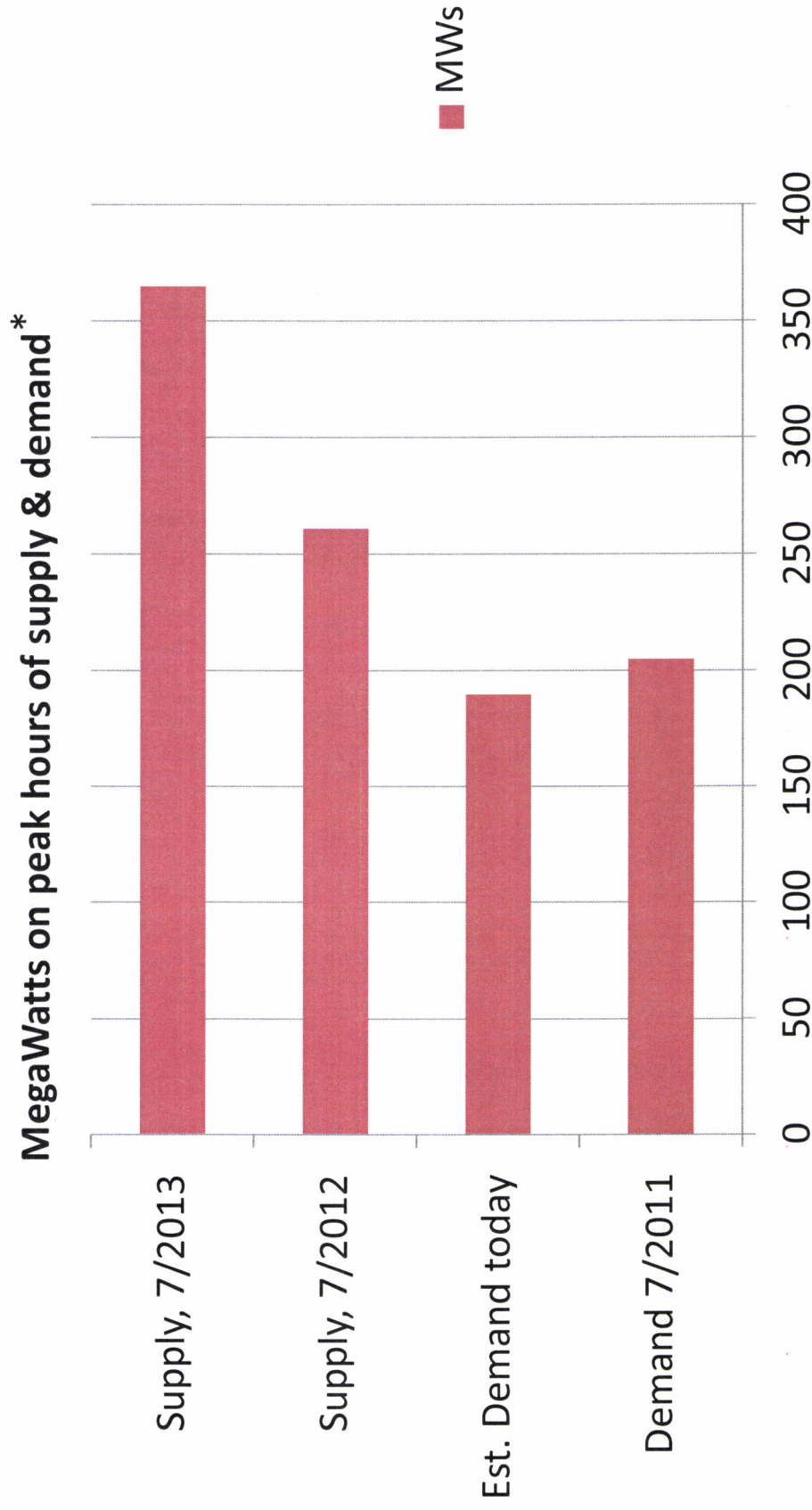


# Southern Supply vs. Demand



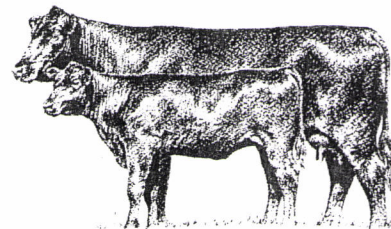
\*This graph takes the peak demand from 5 Southern members, and the average demand from the City of Great Falls, whose demand declined from 19.5 to 4.5 MWs last year.

Sources: "Designated Network Loads and Resources," PSC Docket No. D2010.7.77, MSIRG Exhibit 1, June 16, 2011; Power Purchase & Sales Agreement, PPL-Energy Plus and Southern Montana Electric G&T Cooperative, filed 11/17/11 in bankruptcy court; Electric City Power, Inc., financial presentation Oct. 3, 2011; Standard & Poor's Global Credit Portal rating for Southern, April 2011

Provided by PSC Chairman Travis Kavulla



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Senator Alan Olson  
Chairman, Energy & Telecommunications Interim Committee  
Montana State Legislature  
PO Box 201706 State Capitol  
Helena, MT 59620

13 January 2012

Subject: SME Bankruptcy, Montana's Right to Know Law and MCA 25-18-106 (Co-op powers)

Dear Senator Olson,

I wish to thank you and your committee for your investigation of the Southern Montana Electric bankruptcy (including **SME Electric AND IEES**) and the consequences to the integrity of Montana's rural electric co-ops and other public utilities. Co-ops are great organizations, but as with any entity, **lack of transparency, oversight and accountability can be disastrous**. SME's deliberate secrecy and disregard for our Right to Know and participate under Article, Section Nine of our state constitution is partly to blame for – unfortunately – Montana's very own **ENRON** style debacle which has cast doubt on co-operatives and their leadership. Judge Phillips RULED citizens were in the right when the **City of Great Falls** and SME purposely evaded our rights as citizens to participate and demand answers that citizens won after four years in 2010.

Also, SME's load forecast from the start was questionable, as the participation of the City of Great Falls was problematic that it could NOT receive USDA RUS funds and a 250MW HGS plant (\$450 million to almost **\$Billion!**) was far above the SME co-op baseload usage was approximately 140MW, **so what about the excess?** When the Rural Utility Service was formed, the Montana legislature passed legislature in the 1930s' so rural co-ops service their customers and privately-owned utilities like Montana Power Company could maintain their existing territorial integrity and still exists as described in the following and serious scrutiny should be exercised to examine SME's marketing intentions, especially in regards to IEES and HB25:

**35-18-106. Powers of cooperatives:** 2) In addition to the powers listed in subsection (1), corporations organized under the provisions of 35-18-105(1) may:

- (a) generate, manufacture, purchase, acquire, accumulate, and transmit electrical energy;
- (b) distribute, sell, supply, and dispose of electrical energy in rural areas to:
  - (i) its members;
  - (ii) governmental agencies and political subdivisions; and
  - (iii) **other persons not in excess of 10% of the number of its members** \*\*\*\*\*

Finally, will the MT PSC have to exercise scrutiny over electric co-ops in setting rates as the Kentucky PSC currently does? Will 35-18-106 warrant modification? Will MECA police itself?

Sincerely,

Lt. Colonel (Ret, USAR) Richard D. Liebert  
3Rivers Tel. Co-op member, MT Farmers Union member

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To: Senator Olson, Chair  
Energy and Telecommunications Interim Committee (ETIC)

From: Aart Dolman  
3016 Central Avenue  
Great Falls, MT. 59401

Date: January 13, 2012

Re: SME Bankruptcy Issues

Dear Chair Olson and members of the Energy and Telecommunications Interim Committee.

I thank you for studying the events leading to the filing of Chapter 11 bankruptcy in Federal Court by Southern Montana Electric Generation & Transmission Cooperative Inc. (SME Southern) Board of Trustees.

Based upon examination of thousands of documents released by Court Order, March 9, 2010, much has been uncovered of the relationship between the City of Great Falls and various SME Electric Cooperatives from 2003 to the present. These documents and others tell the story of how secrecy was the common practice in the relationship by Public and SME officials. This played an important role in the accumulation of millions of dollars of debt for Great Falls citizens.

In the interest of time, I shall confine my remarks to a short presentation of major points as described in this narration. In addition, I am also available as an Informational Witness to assist the Committee in its investigation if so desired.

As a City of Great Falls resident I have closely followed the history of the relationship between the City and SME (Southern) from 2003 to the present.

So far, I have not had accessibility to City documents held in SME files in their Billings Office and the SME Electric Cooperative records. My personal investigation is far from complete because several City/SME contractual documents cannot be located in city files.

Based upon thousands of documents available for research, I can present to the committee an insight into events from 2003 through 2011 of the City/SME relationship. The 2010 Court released documents consist of contractual relationships between the City and SME, numerous emails and memos between employees and SME attorneys including employees, City of Great Falls Journal of Commission Proceedings, ECPI (Electric City Power Inc.) Journal of Proceedings and Minutes of SME Board of Trustee meetings including their Board Packets, Montana and Federal court records, complete SME loan application documents in the Rural Utility Services (RUS) files, correspondence from several state and federal agencies, records of informational meetings such as SME Open Houses in the City of Great Falls and others related to the Environmental Impact Study (EIS) as well as Section 106 meetings between federal and state agencies, investigative information found in the Beck Report, Burns&McDonnel Reports, the



City Audit Reports as well as videos taped by the public and news media including numerous press reports from different newspapers, etc.<sup>1</sup>

In addition to the above stated documents, I also participated as "Invited Consultant" requested by the Rural Utility Service (RUS) in the Section 106 process of the National Historic Preservation Act as an independent historian required by the EIS process of the Highwood Generation Station (HGS) project.<sup>2</sup> The RUS invitation was based upon my professional experience. My Curriculum Vita showed that I had participated as an historian in the writing of the EIS for the Havre-Fort Peck Transmission line and participated in many local and international conferences pertaining to presentations and publications on such topics as the relations between the Palliser and Golden Triangles in Alberta and Montana, the North American Free Trade Agreement (NAFT), etc. My professional community service was always in the area of local and public organizations. I have served on many Commissions dealing with History and International Relations in north central Montana. Currently, I am serving as a member of the Central Montana Resource Advisory Council (RAC) of the Bureau of Land Management (BLM).

During a regular scheduled meeting by the City Commission, December 6, 2005 the Great Falls City Commissioners approved Resolution 9537. According to the document it formalized the city's intention to participate in the development of the Highwood Generation Station (HGS). It authorized the City Manager to take all actions necessary in connection with this participation. This City Commission authorization came without a statement of oversight, and it became the first step in the city's relationship with SME leading to abandonment of public Fiduciary and Trust Responsibilities by sworn public officials.<sup>3</sup>

During the winter of 2007, the public had become increasingly frustrated about the secretive relations between City and SME officials. The refusal to release information about the HGS construction plans and its coal-fired facility to be located northeast of the city near the Missouri river had raised public concern. There was the question as stated in Resolution 9537 that the coal-fired facility would be annexed to the city and that it was dependent upon city services such as fire and police protection including water and sewer services. The other issues were that it was to be placed in high productive agricultural area which required rezoning from prime agricultural status to one of Heavy Industrial. The issue of a tremendous amount of water consumption was also a public concern. Another one was that the facility was to be located on

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<sup>1</sup> The records of the City and SME Relationship are not complete because interviews by City employees and officials who actively participated in the City and SME are not available, and the SME files in the Billings Office have not, as of this date, be made available for public examination or viewing.

<sup>2</sup> The Section 106 process is required as part of the National Historic Preservation Act and, in the case of the SME loan application, this process must be concluded in agreement with the National Park Service, and Montana State Historic Preservation Office (SHPO) before a federal loan can be approved by a Federal Agency.

<sup>3</sup> See Exhibit for a copy and statement of City of Great Falls Resolution 9537, as Approved by City Commission, December 6, 2007.



the Lewis and Clark Historic Trail, and this was in conflict with the National Park Service and historic organizations.

Continually, city officials were refusing to release information about the HGS project, and in May, 2007, the Montana Environmental Information Center (MEIC) and the Montana Newspaper Association (MNA) filed a Complaint in the Montana Eight Judicial District Court, Cascade County. Through the two year legal process the court released City/SME documents in city possession showed that the City/SME relationship was based upon the conclusion of a confidentiality agreement. City employees and Commissioners made contractual and financial decisions with SME (Southern) favoring the electric cooperative rather than taking public interest into consideration in accordance with Montana law.

As the result of the two year legal process there were two Court Orders, 2008 and 2010, written by Honorable Judge E. Wayne Phillips supported the public's Right to Know. They exposed the secret relationship practiced by public and SME officials and showed that there were two dominating issues that need to be investigated: the ethical conduct as practiced by Public Officials in the City/SME relationship and the public Fiduciary and Trust Responsibility by sworn public officials in the decision process with SME (Southern).<sup>4</sup>

The ethical conduct practiced by public officials in the City/SME relationship starts with the SME Board of Trustee requirement that Trustees must sign the SME Confidentiality Agreement before a Trustee can be seated according to its Bylaws. The public discovered this document when Judge Phillips released his first, 2008 Court Order. The Confidentiality Agreement between the City of Great Falls and SME G&T, August 15, 2003, was signed by two city employees, City Manager John Lawton and Fiscal Director Colleen Balzarini on behalf of the City of Great Falls. The second document records the shredding of series of SME documents in city possession and that several documents had been returned to the SME Billings Office. As a professional historian, I reported the shredding and return of the documents directly to City Manager Greg Doyon because it was in violation of Montana Law. After a polite conversation, I was informed that the SME (Southern) situation was so difficult to deal with that he would turn all SME responsibility over to his Fiscal Director Colleen Balzarini.<sup>5</sup>

Since the Confidentiality Agreement between the City of Great Falls and SME G&T was signed by then serving City Manager John Lawton and Fiscal Director Colleen Balzarini, there is

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<sup>4</sup> See series of Court Orders and documents, from 2008 through 2010, by Honorable Judge E. Wayne Phillips, The Eight Judicial Montana District Court, Cascade County, no CDV 07-614

<sup>5</sup> See Dolman, Memorandum to City Manager Doyon, July 28, 2008; SME Attorney Kenneth Reich, Memorandum to City Manager Doyon, 06/06/2008, Clair Johnson, Gazette Staff, "Gazette sues Southern Montana Electric," The Billings Gazette, June 21, 2010, and Clair Johnson, The Gazette Staff, "Southern Montana Electric seats Beartooth member; rescinds rate hike," The Billings Gazette, November 17, 2011.

Today the city as it participated in the Bankruptcy case has several SME documents missing. According to a recent press release the Bankruptcy Court is making SME documents available for public view.



no record in the Journal of Commissioner Proceedings that city employees were authorized to negotiate such an agreement on behalf of the City of Great Falls and that the City Commissioners had approved the confidentiality agreement. From this date, August 15, 2003, to the spring of 2011 documents show that City Commissioners adhered to the terms of agreement because of continual SME claims that they have “proprietary value.”<sup>6</sup>

As City/SME events unfolded, the common practice by public officials was to withhold SME information from the City Commissioners and public when they made contractual and financial decisions with SME (Southern). For instance, SME Manager Tim Gregori was a frequent visitor to ECPI Board and City Commission meetings, and city employees presented general oral information about the progress of the Highwood Generation Station (HGS) Project. The City Manager rarely presented information about SME (Southern) during Commission meetings and, in fact, City Commissioners who had attended SME Board of Trustee meetings did not both to inform other Commissioners and the public of their activities during City Commission meetings. When the public requested more information, the usual answer by employees was that it was “confidential, could not talk about it, proprietary, and no comment for this was under litigation.”<sup>7</sup>

On May 7, 2007 MEIC and the Montana Newspaper Association filed a Complaint in The Eight Montana Judicial District Court, Cascade County. City employees had refused the public to examine City/SME documents in city possession. The public was aware that this was deliberate, that there were financial difficulties and that SME refused to inform the public of how public funds were expended in the HGS project. They refused to answer questions about environmental and historic issues as part of the Environmental Impact Study. There were also public concerns about federal funding by RUS. The federal agency had not approved the required Section 106 of the National Historic Preservation Act when it published its Record of Decision (ROD). The RUS was facing litigation by environmental and historic organizations including Federal Agencies. This would further delay the construction of the HGS facility. City employees and Commissioners seemed to be in close collaboration to prevent the public from knowing what was going on with HGS facility.

By early fall, the secrecy of the confidential agreement between City/SME was extended to the abandonment by City Commissioners of their public Fiduciary and Trust Responsibilities.

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<sup>6</sup> City Resolution 9537, Intent of the City to participate in the development of Highwood Generation Station, Adopted, December 12, 2005, gave City Manager John Lawton the authority to develop the HGS project without Commission oversight.

<sup>7</sup>The protection of SME’s interest was so intense that city officials were continually reminded that SME information was “proprietary.” See correspondence by SME Attorney Kenneth Reich, Memorandum to City Manager Doyon, 06/06/2008, Clair Johnson, Gazette Staff, “Gazette sues Southern Montana Electric,” The Billings Gazette, June 21, 2010, and Clair Johnson, The Gazette Staff, “Southern Montana Electric seats Beartooth member; rescinds rate hike,” The Billings Gazette, November 17, 2011



In the procedure of approving the Wholesale Power Agreement between the City of Great Falls and SME (Southern), October 2, 2007, they demonstrated clearly that they were in violation of the Constitution and Montana Codes Annotated. First they allowed city employees to withhold essential information necessary for the approval of the agreement. The City Manager in his capacity as SME Trustee and Fiscal Director Colleen Balzarini, a frequent visitor during SME Board of Trustee meetings, had known early in the year that RUS would not fund the City's portion of the federal loan because it was not an electric cooperative. This meant that the City of Great Falls had to seek funding for the construction of the HGS project from private investors.

Both city employees failed to mention during the approval procedure that SME was facing a financial disaster because RUS was questioning the feasibility of the HGS project. There were also rapid rising construction costs for the coal-fired facility and the seriousness of litigation which would expose its financially inadequate situation to investors. Court released documents show that SME had to receive also funding from private investment and that it needed the Wholesale Power Agreement to meet the electricity production goals for the 250 Mega Watt HGS coal-fired facility.<sup>8</sup>

There was no time to waste and the Wholesale Power Agreement would have to be approved as quickly as possible. The procedure for approval of any electric contract would have to be recommended by the ECPI Board which would then recommend it to the City Commissioners. When the ECPI Executive Director called for the ECPI Board meeting the evening before the City Commission meeting, there was no quorum. The problem was that the document a series of grammatical errors. The Staff Report records that city employees had spent the day correcting the "few" errors in the document. The question thus arises when did the Commissioners read and studied the terms of the contract? In addition, in her statement to the Commissioners requesting approval the Fiscal Director did not mention that there was no quorum when the ECPI Board had met the previous evening but stated that "This contract was also presented to the Electric City Power, Inc. Board on October 1, 2007."<sup>9</sup>

The Commissioners did not meet the standards according to Montana Law to uphold their Fiduciary and Trust Responsibilities. First, they did not question the City Manager and the Fiscal Director about the rush to approve the Wholesale Power Agreement. Second, they ignored public pleas requesting to delay the approval of the forty (40) year contract to next meeting. And finally, the Staff Report records that city employees had spent the day correcting the "few" errors in the document. The question is when did the Commissioners read and studied the terms of the forty (40) year contract?

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<sup>8</sup> See David Kelsey, YVEC Trustee, Letter to SME Trustee Colleen Balzarini, March 18, 2008, and John Lawton to City Commissioners, Highwood Station Funding, February, 26, 2008.

<sup>9</sup> See Journal of Commissioner Proceedings, Agenda Item #5, Staff Report, October 2, 2007 and ECPI Journal of Proceedings, October 1, 2007.



In June of 2008, Honorable Judge E. Wayne Phillips's issued his first Court Order and the public could examine the City/SME documents in city possession, and SME Trustees were worried that the public and investors would discover the desperate financial situation in regard to the HGS project. Memos and other correspondence show how city officials went beyond collaboration, in fact conspired with SME attorneys to suppress City/SME documents in city possession from the public. City employees actively assisted SME Attorneys when they demanded from citizens, under legal threats, the return of SME documents found in public possession without a legal process or court authority. City Commissioners remained silent as SME Attorneys screened and withheld numerous documents before they were released to the public. In his court order, the Judge had presented his reasons for not ruling on the perceived issue of "proprietary" documents. Later after SME attorney, Ms. Jaraczski, had assembled two large boxes of alleged "proprietary" documents, Judge Phillips explained in his March 9, 2010, Court Order that he refused to continue with this huge task of examining the documents because the SME claim for "proprietary" value was "**nonsense.**"<sup>10</sup>

A few days earlier in response to the 2008 Court Order, the Wolf Block Attorney, Kenneth Reich, was in charge of the SME Appeal to the Montana Supreme Court and he requested that the City of Great Falls join in the appeal process.

The July 23, 2008, Special Meeting, as recorded in the Amended Journal of Commission Proceedings shows that the City Commissioners were aware of their Fiduciary and Trust Responsibilities and that the approval to join the SME Appeal to the Supreme Court would be in conflict with their sworn duty to uphold the laws of the State of Montana. City Attorney David Gliko informed them that they were under no obligation to join the SME Appeal and should "also understand that the Montana Supreme Court has been very vigorous in coming down on the side of the public's individual rights and, especially, the right to know."<sup>11</sup>

However, in his following statement, the City Attorney gave conflicting advice and he told the Commissioners that the City is obliged to honor and respect the trade secret claim by SME. The attorney failed to explain that by joining the Appeal to the Supreme Court that they placed their public duty to their community as secondary to those of the SME Board of Trustees.

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<sup>10</sup>See the March 9, 2010 Court Order by Honorable Judge E. Wayne Phillips, The Eight Montana Judicial District Court, Cascade County, CDV-07-614, 03/09/ 2010; and the Dolman Affidavit in Court documents.

<sup>11</sup> See "Amended Special Meeting" as recorded in the Amended Journal of Commission Proceedings, July 23, 2008, when Mr. Gliko, City Attorney, disputed the Court Order's language when he provided case background and information regarding why this matter was litigated. He assured the Commission it was not because of anyone's , figment of imagination, mere desire, or out of thin air, and certainly not by anyone's disingenuousness in the City.

See the language of the Special Commission Meeting in the Amended Journal of Proceedings, July 23, 2008, and later the statement by Commissioner Bronson, as a practicing Attorney, Memorandum to City Manager, October 21, 2008 what there was a legal issue in the relationship of a private/public organization.



They did not discuss that the legal competency by SME and City Attorneys was in question. Judge Phillips had written in the Court Order the city's legal position as Defendant '**has simply misconstrued the statute.**' (*Emphasis added*) They must not have listened carefully when Commissioner Bronson, a practicing attorney, and the City Attorney questioned the competency of Judge Phillips. The Decision, according to the Commissioner, "seemed to be limited to the scope of whether or not draft documents should be provided to the public and had no objection to the City Attorney's request to support the SME Appeal to the Supreme Court."<sup>12</sup> No one of the public officials recognized the seriousness of their vote for approval of the motion because they would not only be in violation of a Court Order but also had abandoned their primary Fiduciary and Trust Responsibilities to the citizens of Great Falls.

In addition to Commissioners' abandonment of their public Fiduciary and Trust Responsibilities, the Memorandum, or known as the "Bronson Memo", written by Commissioner Bronson pointed directly to the legal issue of conflict between a non-public and public organization. The fact is that City Commissioners knew that they had placed the relationship with SME as more important than protecting the interests of their city. Continually, public officials collaborated with SME (Southern) to such as extent that they had crossed the line of conspiring how to suppress the City/SME contractual and financial documents from public examination. They regularly attended SME Board of Trustee meetings closed to the public as city travel vouchers show at city expense. It was only recently, 2011, with the appointment of Commissioner Jones serving as SME Trustee representing the city that SME Board of Trustee information has been distributed to the public.<sup>13</sup>

When Mayor Winters, in the winter of 2010, shortly after he had been seated, stated that his administration was not going to investigate the previous administrations in the City/SME relationship, he never asked citizens to come forward and present documentation about the ethical conduct by city official and issues dealing with the abandonment by public officials of their Fiduciary and Trust Responsibilities.

As the Journal of Commission Proceedings, March 20, 2010, records that the Commissioners and the City Manager presented a very confusing explanation of the City's liability to SME. When I asked for more information about the city's liability in the 85 million dollar loan for the latest HGS natural gas-fired facility, I was told by city commissioners and

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<sup>12</sup> Ibid. Commissioner Bronson stated his understanding of how the issue of trade secrets and other confidential information was to be addressed pursuant to the PSC decision by the Supreme Court. Mr. Gliko agreed and stated there is another check and balance involved. When the affidavit is filed with the government entity claiming a trade secret protection, then the government entity also has to review the documentation in light of the affidavit to verify the legitimacy of that trade secret claim. City staff has done that with regard to the affidavits filed by SME.

<sup>13</sup> See the Bronson Memorandum to City Manager Doyon, with copies to Commissioners, October 21, 2008



City Manager that they did not know.<sup>14</sup>

There is no question that an investigation into the conduct of City/SME Officials is needed because it is more than likely there is a parallelism with the conduct of Electric Cooperative Trustees serving as SME Trustees. Continually Commissioners have been in violation of City Ordinance 2925 and there is no way that the public can request assistance from law enforcement officials. The public has no legal "standing" in the judicial system and cannot seek a court order that Municipal officials cannot be in violation of state and municipal laws.<sup>15</sup>

### **Recommended changes for Sub-Committee consideration**

First, the discovery that the public has "no legal standing" in the Montana Judicial system of issues in dealing with public Fiduciary and Trust Responsibilities needs to be addressed by the Committee. There is probably a parallel with the Electric Cooperative membership.

Second, the Montana Codes Annotated should have changes in language. Both the Electric Cooperative and Municipal officials must be held accountable when they have abandoned their primary Fiduciary and Trust Responsibilities.

Third, Electric Cooperatives and Municipal organizations such as SME and ECPI Board of Directors must be under the jurisdiction of the Public Service Commission.

The City/SME documents show Electric Cooperative and City Commissioners are not equipped to deal with a high volatility of the electric supply market.

And, finally, language should be in the Montana Codes Annotated that Municipal organizations such as ECPI cannot develop a financial imbalance without approval or referendum by its citizens. Even though the City Commissioners had passed City Ordinance 2925 in preventing the accumulation of ECPI imbalances, the record shows that they never have enforced this Ordinance even though this has been requested by the public numerous times.

Since the public brought the ECPI violation of Ordinance 2925 repeatedly to the attention of the City Commission numerous times, they have never enforced it. Thus the Sub-Committee should consider similar language for the Montana Annotated Codes.

Thank you for the opportunity to share my partial research with the Energy and Telecommunications Interim Committee (ETIC). I will be available to serve as an Informational Witness.

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<sup>14</sup> Journal of Commission Proceedings, March 16, 2010,

<sup>15</sup> See The City of Great Falls Electric Fund Cash Balances by Calendar Year End, no 7, as presented to the ECPI Board of Directors, December 5, 2011.



# Co-ops left to build power plant, not for lower rates

By **DAN GLIKO**

Guest Opinion

In a recent guest editorial, Alan Evans alleged that his electric cooperative (Fergus Electric) was subsidizing other retail distribution



**Gliko**

co-ops that are members of Central Montana Electric Power Cooperative, a wholesale power entity.

Mr. Evans alleges this subsidy was a major factor in the decision by Fergus Electric and others to form a new wholesale power co-op, Southern Montana Electric Generation & Transmission Cooperative, which recently declared bankruptcy and has agreed that its business and affairs should be managed by

an independent trustee. Of course, the implication is that Central is thus at least partly responsible for the troubles facing Southern.

Throughout his guest column, Mr. Evans incorrectly states his opinion as fact. However he is in error.

In 1999, Central Montana paid more than 4 cents per kilowatt hour for power that it delivered to Fergus Electric.

Yet, Central Montana charged Fergus only 3.01 cents. When Fergus left Central Montana in 2004, it was then being charged 3.19 cents per kwh. Immediately after Fergus and the other four co-ops left Central Montana to form Southern, the rates charged to Central's remaining eight members actually decreased.

If these five departing co-ops truly had been subsidizing the rates of Central's

remaining eight members, a rate increase would have been required for our cooperatives as a result of their departure. The fact that just the opposite occurred conclusively belies Mr. Evans' allegations.

Incidentally, Central's rates were a reflection of the amount of low-cost federal power members brought to Central when joining. All of the co-ops in both Central and

— now — Southern had been given preferential rights under federal law to purchase that power from federal power marketing agencies

(known as "PMAs"), i.e. the Western Area Power Administration, which has the right to market power generated from dams located in the Missouri River Basin.

This low-cost federal power accounts for the rate differences among members, as a percentage of each cooperative's total current load.

Over the years, previous Fergus Electric boards, along with the board of one other Montana cooperative, declined to purchase this low-cost resource from the federal dams when it had been offered by WAPA. This was

## COMMUNITY ROUNDTABLE

This is part of a series of columns by community leaders on the topics of their choice. To comment, visit our forums at [www.greatfallstribune.com](http://www.greatfallstribune.com)



prior to Central being formed.

In fact, unlike all but one other member of Central, Fergus did not bring any of the low cost federal power to Central.

This federal power supply option became a low-cost power resource for Central. Later on, Central received additional low-cost federal power from the federal PMAs. At that point, all of Central members chose to share the benefit of the lower-cost power among themselves, including with Fergus Electric. As a result, Fergus Electric was actually able to purchase power from Central for less than they otherwise would have been required to pay.

We believe Southern members left Central to build generation, not due to rate inequity. As the members of the board of trustees of Central

pointing fingers in different directions.

When it comes to MECA, however, his blame is simply misdirected.

*This column was co-written by Alan Ruby, board president of the Montana Electric Cooperatives' Association;*

*Robert Evans Jr., immediate past president of the association and board member of the Fergus Electric Cooperative; and Allen Thiessen, a past president of the association.*

*Dan Gliko is president of the Central Montana Electric Power Cooperative board of trustees, writing on behalf of the board.*

# Co-op association has no oversight power or capability

A Jan. 9 Great Falls Tribune guest editorial by Alan Evans, former trustee at Fergus Electric Cooperative, contains observations regarding the Montana Electric Cooperatives' Association that need clarification.

Mr. Evans implies that the financial difficulties facing Southern Montana Electric Generation & Transmission Cooperative are due in part to a lack of oversight by MECA, the statewide organi-

member cooperatives.

Like many trade associations, MECA's purpose is to represent the co-ops in the legislative arena, to assist the co-ops in communicating

with their consumer-members and to provide training and education to co-op directors and staff. Our statewide organization can and does make recommendations to its members but only as they request it.

Also, Mr. Evans states

MECA has no "broad spectrum" mission statement and has no strategic plan.

In fact, MECA has a mission statement that covers every facet of its operation. A new strategic plan for the organization was developed in 2009 and MECA has implemented that plan.

We also have in place clear and specific purposes for the statewide association board and its committees spelled out in detail in MECA's

bylaws and policies.

As to his assertion that MECA is "controlled by politics rather than function," we think Mr. Evans misunderstands or has forgotten the role of a statewide association.

Its job is to act at the behest of its member cooperatives, not the other way around.

By castigating MECA for the challenges facing Southern, it appears Mr. Evans is